

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1606 - HB 2072

March 31, 2011

SUMMARY OF BILL: Requires any proceedings involving a licensed entity to be conducted in accordance with the Uniform Administrative Procedures Act. Prohibits the state from requiring any licensed entity to waive or forfeit due process rights when entering into a contract with the state.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$541,800

Assumptions:

- According to the Department of Commerce and Insurance (TDCI), Peace Officer Standards (POST) Commission, the Commission will have to hire an administrative law judge (ALJ) from the Secretary of State's Office to conduct hearings related to decertification of officers.
- According to the Department of State, the minimum fee for docketing a case with an ALJ is \$200.
- According to TDCI, the POST Commission holds approximately nine hearing dates per year. The recurring increase in state expenditures is estimated to be \$1,800 (\$200 judge fee x 9 hearing dates).
- According to the Department of Human Services (DHS), approximately 200 hearings will be held per year for licensed child care centers. The cost per hearing for an ALJ is \$200 resulting in a recurring increase in state expenditures of \$40,000 (\$200 judge fee x 200 hearings).
- According to DHS, while a case is pending hearing, the Department will be required to continue paying the contractor the designated contract amount. Upon conclusion of the hearing, should a convicted contractor be unable to make restitution, the state will be liable to the federal government for the amounts paid. The federal government will reduce the state's allocation in an amount equal to the amount owed.
- Based on historical data, DHS estimates the loss in federally allocated monies will be at least \$500,000 per year. The resulting decrease in federal expenditures, and the subsequent increase in state expenditures, is estimated to exceed \$500,000 per year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/sbh